PRINCE RUPERT PORT AUTHORITY

Submission to the Standing Senate Committee on Transport and Communications

on

Bill C-48
An Act Respecting the Regulation of Vessels that Transport Crude Oil or Persistent Oil to or from Ports or Marine Installations Located along British Columbia’s North Coast

April 16, 2019
The Prince Rupert Port Authority was created through the Canada Marine Act with a mandate to enable Canada’s trade with the world through the Port of Prince Rupert. By working closely with our partners and customers, we deliver supply chain innovation that has added value to Canadian products and increased Canada’s global competitiveness. Through careful stewardship, we have created sustainable prosperity for our communities, First nations, our province, and our country.

PRPA fully supports the overarching goal of the mandate provided to the Minister of Transport by Prime Minister Trudeau to “…ensure that Canada’s transportation system supports our ambitious economic growth and job creation agenda” and the comment that “Canadians need a transportation system that is safe, reliable and facilitates trade and the movement of people and goods.” This mandate is entirely consistent with the purposes of the Canada Marine Act and PRPA’s purpose.

Notably, the Oceans Act recognizes in its preamble that “the three oceans, the Arctic, the Pacific and the Atlantic, are the common heritage of all Canadians” and that “the oceans and their resources offer significant opportunities for economic diversification and the generation of wealth for the benefit of all Canadians, and in particular for coastal communities.” This duality of approach is not in our view contradictory but reflects Canadian values as a trading nation with a strong desire to preserve our environmental heritage.

Port-related activities in Prince Rupert have grown significantly over the past decade. In 2018, the Port of Prince Rupert shipped 26.7 million tonnes of cargo. For context, the gateway supported 500 marine vessels, 7,500 trains and 65,000 truck trips to facilitate the transportation of that cargo.

That volume represents over $35 billion of trade value, making Prince Rupert the third largest port in Canada. The Port of Prince Rupert is facilitating multi-modal market access and diversification for many of Canada’s key trade industries, including manufacturing, forestry, agriculture, natural gas and mining.
The economic impact of this activity measures over $1 billion for businesses in northern BC, and employs in excess of 5,000 direct and indirect employees with an average wage of $85,000 annually. Local government taxation revenues from port land in Prince Rupert has grown to over $10 million annually. First Nations have shared significantly in this prosperity, comprising over 30% of local port-related employment. First Nations-owned businesses participate in numerous port-related business opportunities.

By focusing on local environmental and social concerns, PRPA has been able to maintain a strong alignment with local First Nations, local residents and communities throughout the corridor. Sustainable development approaches have resulted in active mitigations of GHG and air emissions, marine mammal interactions, and a segregation of industrial and land use impacts on the community.

**The Port of Prince Rupert – Marine Risk Assessment and Quantification**

As a result of factors that include open and uncongested marine approaches, a deep natural harbour, short transit times to the Port’s terminals from the Triple Island Pilot Station (and a corresponding minimal time for vessels in inland waters), and relatively low marine traffic volumes, the navigational approaches to and from the Port of Prince Rupert are amongst the safest in Canada.

The following examples are supporting evidence to that claim. Perhaps more importantly, they illustrate and emphasize the importance of assessing risk, in a quantified manner, as an instrumental starting point to guide the mitigation of risk.

In 1978 a report entitled *Potential Pacific Coast Oil Ports: Comparative Environmental Risk Analysis* was prepared by a working group within the Canada Department of Fisheries and Environment. The comparative risk analysis evaluated eleven potential BC and Washington State oil ports with accompanying route alternatives and ranked their risk profiles on a relative basis. The comparative risk assessment concluded that potential oil terminals at Port Simpson (Lax Kw’alaams), Ridley Island (Prince Rupert), Kitimat and Port Angeles (Washington) represented the least marine risk, with Port Simpson and Ridley Island ranked one and two, respectively. Oil terminals at Port Moody (Burrard Inlet), Britannia Beach (Howe Sound), Roberts Bank (Tsawwassen) and Cherry Point (Washington) represented the highest risk.

In 2012 PRPA commissioned a marine risk assessment from Det Norske Veritas (DNV) entitled, *Prince Rupert Marine Risk Assessment: Navigational Risk Assessment Report*. DNV was asked by PRPA to evaluate and quantify the marine safety and risk profile of vessel approaches into the Port of Prince Rupert considering the anticipated growth of marine traffic and in consideration of the potential addition of new types of ships and cargoes such as oil or LNG. The report was also asked to provide recommendations on ways to enhance to marine safety.
This was a high-level risk assessment by DNV and was not intended to be a definitive statement of risks incumbent with traffic to and from the Port. Nonetheless, the DNV report is informative. In addition to confirming that because of the factors listed above, the Port of Prince Rupert is among the safest in Canada, the report suggested potential safety enhancements including mandatory tug escorts, enhancement of navigational aids, traffic separation schemes and exclusion/security zones that could reduce this risk even further.

In November 15, 2013 the Tanker Safety Expert Panel appointed by the then Minister of Transport issued its report entitled A Review of Canada’s Ship-Source Oil Spill Preparedness and Response Regime – Setting the Course for the Future. The Panel noted that Canada had not suffered any significant oil spills since 1995 and that no spills over 10,000 tonnes have occurred anywhere in the world in the last ten years. In a risk assessment on the probability and potential impacts of ship-source spills completed for the Panel by GENIVAR, GENIVAR estimated that the return period for a crude spill of more than 10,000 tonnes was once every 242.2 years – Canada wide. The waters on the west coast of Canada with the highest probability of a spill are those along the south coast of British Columbia, including Vancouver Island. Risk of a crude oil spill exceeding 10,000 tonnes in the northwest coast (including the waters surrounding Haida Gwaii and around Prince Rupert and Kitimat harbours) were considered to be very low.

**Status of Safety-Readiness in Prince Rupert Harbour**

Under section 56 of the Canada Marine Act, Ports are authorized, for the purposes of promoting safe navigation and environmental protection, to establish traffic control zones and establish criterion before ships will be cleared to enter a port. Conscious of this authority, and planning for increases in the volume and nature of marine traffic into the Port of Prince Rupert, PRPA has taken positive steps to enhance the safety-readiness of Prince Rupert Harbour.

These practices and procedures are illustrative of the ability to effectively mitigate risk in a defined geographic area through prescribed regulations, practices, or procedures. They also illustrate that ports continue to evolve their capacities and capabilities in order to prevent, prepare for, and respond to incidents in a timely manner.

Examples of PRPA-specific recent enhancements include the following:

- introduction of shore-based coastal radar covering the Port of Prince Rupert and its approaches as far west as Rose Spit on Haida Gwaii, with access provided to the Canadian Coast Guard, the Marine Security Operations Center (in Esquimalt) and the RCMP;
- installation of new fixed navigation aids within the Port of Prince Rupert including the Philips Point Light and the Kaien Island Sector light, both of which are designed to improve safety for ships transiting the Port’s deep water channel;
• establishment of a 24/7 Port Security Operations Center (PSOC) monitoring port operations and shipping activity and development of a new purpose-built PSOC and Emergency Operations Center, serving as an incident command center in the case of a vessel incident;

• introduction of live harbour tide, current and weather stations with data automatically transmitted to the BC Coast Pilots and updates available to the general public, posted on an on-going basis to the PRPA website;

• publication and dissemination to marine carriers and terminals of a best in class Port Practices and Procedures document, clearly describing rules for safe access to and from the Port of Prince Rupert—including specific procedures for different vessel types, cargoes, terminals and geographic areas within the port jurisdiction; and

• establishing several forums to promote harbour efficiency, safety and environmental sustainability with broad participation from the community, industry and First Nations.

Impact Of The Proposed C-48 Legislation On The Port Of Prince Rupert

PRPA’s focus on building mutually beneficial relationships allow us to develop a deeper understanding and provide innovative, proactive supply chain solutions. The strength of the partnerships we have already built is proof of this. We’re not in the transportation business, we’re in the business of adding value. We could not have activated the physical and locational advantages of Prince Rupert without this focus on relationships and innovation.

Our proven ability to think strategically, creatively, and holistically about our customer’s business gives them (and Canada) a competitive edge. We are focused on not just growing capacity, but on diversifying capabilities to respond to trade needs and the transportation modes that support them. We also realize that our growth must be sustainable—maintaining our competitive edge of speed and reliability, stewarding our environment through a green lens on planning, and always being mindful of the need for a community consent to operate.

PRPA is forecasting its volumes to increase to 55 million tonnes (including 2.5 million container TEUs) by 2028, more than doubling our current activity. The realization of these volumes will have significant economic impacts in northern BC, including an estimated projection of an additional 4500 direct and indirect permanent operational jobs.

Bill C-48, in its proposed form, does not have a significant direct impact on the Port of Prince Rupert’s existing activities or on projects and cargoes being considered in its current development portfolio.

To be very clear, the Port of Prince Rupert does not currently ship oil, nor does PRPA have an oil export terminal in its current development portfolio that would be directly impacted by C-48. We do, however, have a development portfolio that is impacted by the uncertainty created
by broad and vague marine legislation and policy, and the suggestion that marine approaches into the north coast have a significant risk profile that could threaten the trade of a shipper’s product.

The absence of a quantified risk assessment for the geographic area in question, and the absence of a quantifiable and evidence-based process in determining products to be included in the legislation’s accompanying schedule now and in the future, contributes to uncertainty.

Such uncertainty will impact capital investment decisions. The added uncertainty to growth forecasts impacts the analysis underlying the capital investment decisions for common infrastructure within the Port. Summarized more simply, growth in trade infrastructure is interrelated and dependent on economies of scale that come with broad and diversified growth, and a risk to any one line of business contributes to the risk for all.

For context, the following are examples of areas that have significant growth opportunities for Canadian trade through the Port of Prince Rupert:

**Liquid Bulk Exports**: The demand for liquid bulk solutions that are not categorized as persistent oil will be critical to ongoing efforts to diversify and add value to Canadian oil and gas sectors. The expansion of the BC natural gas industry being driven by LNG development will result in significant volumes of propane and butane needing markets to add value. Abundant natural gas supply is resulting in methanol production expansion across western Canada. Petroleum diversification strategies are resulting in increasing volumes of diesel, gasoline and other refined products. Agriculture-based liquids such as canola oil continue to increase as Canadian productivity and value-added diversification increases in that sector. The smaller volumes and diversified markets for these liquids are best supported by rail transportation, not pipelines.

**Intermodal (Containerized) Exports**: The demand for container imports continues to increase, and the use of Prince Rupert as a gateway to North America is only limited by our ability to maintain our competitive value proposition. Critical to this growth is the expansion of containerized exports, which are needed to ensure that intermodal supply chains are balanced with laden containers. Significant opportunities lie in expanded intermodal exports of manufactured forest products, agricultural grains and pulses, refrigerated food products, and plastic pellets.

**The Value of Quantified Risk Assessment**

With respect to the Act’s objective of formalizing a moratorium on crude oil tanker traffic on British Columbia’s North Coast, we understand that protection of the marine environment is of paramount importance to Canadians. The environmental, cultural and economic values
associated with the marine area in question are enormous. PRPA considers environmental protection of lands and waters within the Port of Prince Rupert to be a key element of its mandate.

The proposed moratorium covers a very broad area on BC’s north coast, including areas that have a wide variety of both economic and environmental values, and a wide variety of activity levels and uses. It is undiscerning in its approach.

Deep sea vessel traffic that transports trade to and from the Port of Prince Rupert tends to use a relatively consistent, defined and narrow route. This route represents a geographic area with a significant economic benefit to Canada because of the trade it facilitates, and a defined risk based on vessel activities. The ability to define this geographic area enables an ability to develop substantive and independent evidence to quantify the associated risks of transporting crude oil by sea. It also provides the ability to identify and quantify environmental values within that area.

In turn, this enables the ability to thoughtfully develop proposals for practical mitigation measures that:

- enhance marine safety for all vessels, regardless of cargo;
- reduce impacts to the environment;
- focus preparedness, prevention and response resources, and
- can be quantified and prioritized based on their potential impacts on a risk baseline

PRPA speaks with confidence on this balanced approach, because it is essentially what Canadian Port Authorities do on an ongoing basis within their specific jurisdictions, for all types of vessels and cargoes.

Conclusions

PRPA would propose the following suggestions for consideration in the discussion of amendments to improve Bill C-48:

- The legislation should recognize that geographic areas within the proposed moratorium area have a variety of both economic and environmental values, and should provide flexibility to define and manage specific geographic areas accordingly.
- The legislation should contain language that requires periodic quantified assessments of the risk of marine incidents, in order to provide an improved context for the regulatory process of reviewing the schedule on an ongoing basis.
- The legislation’s schedule of commodities should be subject to a defined review process that would ensure a full understanding of the trade, economic and environmental impacts of their inclusion, which is essential to putting quantified risk into context.